City of Saint Paul Neighborhood Stabilization Program 2 (NSP2) Funding Summary



Background

In February of 2007, Mayor Chris Coleman launched Invest Saint Paul (ISP) as a key initiative to bring stakeholders together who were committed to promoting, supporting, and growing viable and sustainable communities. Invest Saint Paul strategically targets four neighborhoods challenged by economic and social downturns. These areas have been disproportionately impacted by the foreclosure crisis and resulting vacant buildings. For example, there were 1,888 foreclosures in Saint Paul in 2007, 1,956 foreclosures in 2008 and 901 in the first half of 2009. Additionally, as of July 31, 2009, there were 2,224 registered vacant buildings in the city of Saint Paul. Of these numbers, the ISP neighborhoods contain over 55 percent of the vacant homes and 40 percent of the foreclosed homes in the city while only occupying 13 percent of the citywide land area.

Progress to Date

The Saint Paul Housing and Redevelopment Authority (HRA) recognized the challenges in these neighborhoods and approved \$17 million of Sales Tax Revitalization (STAR) 'jumpstart' funds for strategic projects aligned with the overall ISP goals. Although the City has been able to acquire over 80 vacant homes for rehabilitation, this level of funding is not sufficient to combat the problem.

Request for Stimulus Funds

 Building off the ISP work plan, the City of Saint Paul has requested \$62,722,000 of grant funds through the Neighborhood Stabilization Program 2 (NSP2) under the American Recovery and Reimbursement Act of 2009 (the "Stimulus Package.")

The Purpose of NSP2

 Saint Paul will use funds awarded under this program to stabilize our ISP/NSP neighborhoods which have been most negatively impacted by the economic and socioeconomic effects of vacant and foreclosed properties.

Saint Paul's NSP2 Plan

The City is proposing an ambitious but achievable work plan, which will result in real, measurable, positive outcomes. Within specific targeted neighborhoods, the City will continue its work with community development corporations and other for-profit and non-profit developers to rapidly arrest the decline, stabilize these neighborhoods and position them for a sustainable role in a revitalized community.

Measurable short-term outcomes will include:

- Arresting decline in home values based on average sales price.
- Reducing vacant and abandoned residential property and increasing re-occupancy.
- **Controlling** the future outcomes of key properties.

Measurable long-term outcomes will include:

- Increased sales of residential property.
- Increased median market values of real estate.

The Specifics

Saint Paul will undertake the following over three years:

- Provide financial incentives for buyers of vacant and foreclosed homes: 300 buyers
- Acquire and rehabilitate: 300 homes
- Acquire and demolish: 100 blighted structures
- Land-bank vacant lots for future re-use: 100 parcels

It is anticipated that recycled proceeds from the sale of rehabilitated homes will be used to address other properties. In addition, the City will use NSP2 program income to **build new homes** on vacant lots in future years.

For more information, please contact Cecile Bedor, Director, Planning & Economic Development for the City of Saint Paul by phone at 651.266.6628 or by email at cecile.bedor@ci.stpaul.mn.us.



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